



META *law, inc.*

THE TOGGLE SOLUTION

Like a light switch – a Trust Protector can be toggled on or off as needed.

How is your trust like the lights in your kitchen? If you leave the lights on all of the time, you would be wasting electricity. If you leave them off, you could be cooking dinner in the dark. Clearly, a light switch is the solution. Like your lights, a toggle switch in the form of a trust protector allows certain features of your trust to be turned on or off as needed, potentially saving you and your beneficiaries time, money and frustration.

BECAUSE ESTATE TAX LAWS ARE CHANGING MORE FREQUENTLY AND EVEN RETROACTIVELY, EVERY TRUST SHOULD NOW NAME A TRUST PROTECTOR.

Uncertain and changing estate tax laws make long-term planning difficult.

- Because of this uncertainty, in spite of the currently high estate tax exemptions, for many people an “A-B Trust” is still the best planning solution,
- but only when the trust includes Trust Protector language to allow for balancing between potential estate tax savings and capital gains taxes.
- Older trusts rarely include Trust Protectors, or the specific powers the Trust Protector requires to make these tax planning adjustments,
- so it is important to have your trust reviewed by an attorney familiar with this type of planning.

WHAT IS A TRUST PROTECTOR?

A Trust Protector is someone granted the authority to direct selected actions of the trustee of the trust, even if the settlor of the trust has become incapacitated or dies. Unlike a trustee who handles the day-to-day issues of a trust, a Trust Protector is called upon only when specific issues arise, such as a major change to estate tax law.

The person chosen to be Trust Protector:

- Is **not** a beneficiary of the trust
- Has a firm understanding of the tax laws that may affect the trust
- Is often an attorney, accountant or financial advisor

By adding a Trust Protector and granting a specific set of powers, you beneficiaries will be able to avoid possible negative consequences while still carrying out your primary intent.

Because every life needs a good plan.

WHAT TYPES OF POWERS CAN BE GRANTED TO A TRUST PROTECTOR?

There are a number of powers which may be granted to a Trust Protector. Here is a list of possible powers we suggest clients consider including in their trust:

- Power to remove and replace trustees
- Power to designate a mediator if other parties fail to do so
- Power to modify accounting decisions which are inconsistent with the Uniform Principal and Income Act
- Power to transfer trust assets to another trust (called “decanting”)
- Power to grant a beneficiary a “testamentary general power of appointment”
- Power to change withdrawal rights of a beneficiary
- Power to change beneficiary payout method from income to a Total Return Unitrust, and vice versa
- Power to modify income distribution
- Power to add or remove powers granted to a trustee
- Power to correct “scrivener errors”
- Power to make revisions to adapt to changes in the law

WHY DO WE CALL THIS THE TOGGLE SOLUTION?

Trust Protectors are not involved in the regular management of a trust. They simply remain available if a situation arises that requires their insight or action. Just as one would toggle a switch to turn on or off the lights—a Trust Protector is only called upon when needed.

WANT MORE INFORMATION?

This is a very simplified explanation of a complex issue. If you would like more detailed information please send an e-mail to Stephanie@METAlawinc.com, and she will send you a more complete description.

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